

REPORT OF THE FINANCE COMMITTEE

MAY 18, 2016

A meeting of the Finance Committee was held on Wednesday, May 18, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Mayor Jim Donchess, Chair, presided.

Members of the Committee present: Alderman-at-Large Mark S. Cookson, Vice Chair
Alderman-at-Large Lori Wilshire
Alderman-at-Large Michael B. O'Brien
Alderman Benjamin M. Clemons
Alderman June M. Caron
Alderman Ken Siegel

Members not in Attendance: Alderman Sean M. McGuinness
Alderman Richard A. Dowd
Alderman-at-Large Brian S. McCarthy, Arrived after Roll Call

Also in Attendance: Jeanne Walker, Deputy Manager of Engineering
Derek Danielson, Sr. Financial & Operations Analyst

PUBLIC COMMENT

DISCUSSION

Discussion of Nashua Artists and Court Street

Mayor Donchess

We were thinking we were wanting to update the committee regarding the potential of the artists moving into Court Street. The figures regarding the improvements that would be needed there are so much influx that at this point, we'd like to get things nailed down more specifically before we have anyone come in. That was going to be Sarah Marchant.

COMMUNICATIONS

From: Mayor Jim Donchess
Re: Emergency Change Order – Nortax Po #126247 – Repair Excavator

MOTION BY ALDERMAN SIEGEL TO ACCEPT AND PLACE ON FILE MOTION CARRIED

From: Dan Kookan, Purchasing Manager
Re: Purchase of Six (6) Sets of Globe Classic Metro Advance Personal Protective Equipment (PPE)
(Value: \$10,250)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND APPROVE THE PURCHASE FROM BERGERON PROTECTIVE CLOTHING IN THE AMOUNT OF \$10,250. FUNDS ARE AVAILABLE IN DEPARTMENT 152 FIRE; GENERAL FUND OPERATING BUDGET; 61, SUPPLIES AND MATERIALS MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Award of Library Children's Room Flooring Contract (Value: \$29,715)

**MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO ATKINSON CARPET & FLOORING IN THE AMOUNT OF \$29,715. SOURCE OF FUNDING IS DEPARTMENT 179, PUBLIC LIBRARY; LIBRARY LOST/DAMAGED FINES ACCOUNT, 71, EQUIPMENT
MOTION CARRIED**

From: Dan Kookan, Purchasing Manager

Re: To Approve Contracts for Admin Services to Anthem BlueCross and Blue Shield, Harvard Pilgrim Healthcare and the Hartford (Value: Not To Exceed \$1,395,000);

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF ALDERMEN APPROVAL, AWARD THE CONTRACTS TO ANTHEM BLUECROSS BLUE SHIELD IN AN AMOUNT NOT TO EXCEED \$1,140,000; HARVARD PILGRIM HEALTHCARE IN AN AMOUNT NOT-TO-EXCEED \$225,000; AND THE HARTFORD IN AN AMOUNT NOT-TO-EXCEED \$0.15 PER \$1,000 OF AD&D INSURANCE PER MONTH. FUNDS ARE AVAILABLE IN DEPARTMENT 111, HUMAN RESOURCES; BENEFITS SELF INSURANCE FUND

ON THE QUESTION

Larry Budreau, Human Resources Director

I can't really speak to before, but I can tell you that when these annual contracts are renewed each year, it came to our attention. Mayor Donchess suggested that it was appropriate to bring them forward to the finance committee, so I put together the exhibit that you see. The contracts were enclosed in my materials. They are ongoing contracts. The contracts, themselves, have been in place for a number of years in most cases. They are for administrative services only. The spend for claims totally for the city is well over \$30 million, about 32 – 34 million. This is what we pay to Anthem and to Harvard Pilgrim to administrator our plans. It allows our employees to access their providers through their networks. They do all the claims processing. That's this piece. Because of the cost of just this, we believe from now on we will come annually before this committee before we ask the Mayor to approve what we call rate sheets.

MOTION CARRIED

UNFINISHED BUSINESS – None

NEW BUSINESS – None

TABLED IN COMMITTEE

**MOTION BY ALDERMAN SIEGEL TO TAKE FROM THE TABLE THE COMMUNICATION REGARDING THE LED STREET LIGHT CONVERSION PROJECT
MOTION CARRIED**

From: Dan Kookan, Purchasing Manager

Re: LED Street Light Conversion Project (Value: \$1,455,694)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF ALDERMEN APPROVAL, AWARD THE CONTRACT TO SIEMENS INDUSTRY, INC., IN THE AMOUNT OF \$1,455,694. SOURCE OF FUNDING IS DEPARTMENT 161, STREET; LED LIGHTING BOND

ON THE QUESTION

Alderman Siegel

I'd like to note for the record that we've been joined by Alderman McCarthy.

Mayor Donchess

This came up at the last meeting. The committee asked that the specifics regarding the deadline for completion be included. We're back before you with the complete contract.

Alderman Siegel

It's nice to see the real contract, but I feel like we're playing a bit of whack a mole. Last time we had just the appendix with a list of items, but we didn't have the contract. Now we have the contract but we don't have the adjoined document that details those particular items that we are buying. This has to go to the full Board anyway. We can keep spinning wheels going back and forth in committee, but if we could at least get the two documents together for full Board approval, I'd be happier.

Jeanne Walker

I have a couple of copies here that I can leave.

**MOTION BY ALDERMAN SIEGEL TO ACCEPT AND PLACE ON FILE THE COMMUNICATION
REGARDING THE LED CONTRACT PROPOSAL WITH SIEMENS
MOTION CARRIED**

Alderman Clemons

I think this was approved last term before I was on the Board. I just have two general questions. Does the contract include the installation of the lighting? The second question is: Is this bond going to pay for itself through the savings that we supposedly would have with the LEDs?

Ms. Walker

Yes, this contract with Siemens is for the supply of the lights as well as the installation.

Mr. Danielson

The bond can be structured such that the savings from the lights would equal the debt service. It can be done a number of ways, but yes.

Mayor Donchess

The lighting budget item in the 2016 budget is about \$834,000. By undertaking the LED project and converting the lights we can save approximately 40 percent on the electricity. That's a little over \$300,000. As you can see, bonding an amount of about \$1.5 million over 10 – 20 years is clearly going to cost less than the \$300,000. In the budget you have before you, we are projecting a savings next year of \$200,000 net. We're projecting electric savings of \$200,000.

Alderman Siegel

We didn't approve this last term. We let it sit there because there was some questions about the LED light temperature. We didn't actually act on that. We did determine last time that the savings were enormous. It was like a six-year payback or less.

Mayor Donchess

Another thing I think the committee did well in the last term was there was a proposal to sole source this to a different provider. The committee asked that it be put out to bid. The amount of for the sole source that was being considered last term was I think \$2.1 million or \$2.2 million. Now it's a little less than \$1.5 million. By putting it out to bid, we saved \$600,000 - \$700,000.

Alderman Cookson

What's the estimated lifespan of the LED?

Mr. Danielson

Twenty years. The lights start off say at 100 percent. By the time it gets to 20 years, there's a term in the industry where it depreciates to 70 percent of output. It still produces light but that's when it is considered not as good, so 20 years.

Alderman McCarthy

I had asked this question last time but I haven't followed it since. When we bid these out, what did we specify in terms of things to do with light pollution and how does this vendor fare against everybody else that responded?

Ms. Walker

With LEDs the light is much more concentrated so you have a much lower cutoff. LEDs have less light pollution inherent in the LED fixtures.

Mr. Danielson

I didn't specify anything to do with light pollution, but the directionality of the light should be more downward than the current lights where it has reflector and goes kind of in a circle

Alderman McCarthy

So we didn't have any light pollution criteria in the bid. What did we do about radio frequency interference?

Ms. Walker

We did not address that.

Alderman Siegel

Last time we spoke about this a lot of the issues with light pollution, if you want to call it that, have to do with how the housing is set up and where it is aimed and the reflecting of the surface it is aimed at. Given that most of these are street lights and are aimed at a black asphalt surface, I don't think scattering of light off the surface in general will be a problem. It's more of a problem off of like a sidewalk. I think that was less of an issue. Then the question becomes are we using 3K or 4K lighting. The 3K more akin to the yellowish end. I know there was some issued raised by one of the gentleman whether or not this would affect your sleep patterns. Unfortunately that gentleman I can say categorically had his facts wrong and didn't read the original study where it's actually 5K light that's the problem not 4K. We are talking about lighting streets. We want light that people can see in. I know if you go through any of the wards right now, you look at our current street lights, my eyes are bad; I'm older and I can't see. I'd like to be safe.

Alderman McCarthy

I asked for two reasons. One, there is a huge variance in how well street light products throw light on the ground. For those of us who like to look at the sky, we'd rather not have it there. For those of us who like to look at the ground, we'd really like to have it there. The more efficient the fixtures are, the better off everybody is. I was just wondering if we had taken that into account.

Mayor Donchess

I think as we discussed this last term, in fairness to the staff, we had not asked them at that point. Even though we had been through this a number of times at the finance committee, we did not ask them to put anything like that in the bid.

Alderman McCarthy

I had brought that issue up last term. I'm disappointed it was not addressed.

Mayor Donchess

If you did, I'm sorry. I didn't recall that.

Alderman Dowd

When we first had someone in showing us the lights, the lighting in question could be set at variable brightness's. Are these able to be modified as to the amount of light they are throwing? Who is going to determine what's the intensity is and which locations in the city?

Mayor Donchess

The second bid you see, the second line, base proportional with control system, includes the so-called smart control that would enable the city to alter the amount, the brightness of the lights. However, after we put this out to bid we received a visit from EverSource who told us it is a violation of the their current tariff for there to be smart meters on LED lights. Manchester had talked about putting these in, but did not. This was the first we knew that there was a tariff that would prohibit this. Even though some of the people involved disagreed or would have liked to recommend the smart meters, it just didn't seem like a legal fight with EverSource at the PUC over an existing tariff was really worthwhile. It seemed apparent that the tariff did provide, as they claimed, so the presentation here is on the base proposal without the smart meter.

Alderman Siegel

Addressing Alderman McCarthy's question about lights gathering upward, they did bring in the housings last time. They were well shrouded. We didn't have a specification with how much light would be scattered up but looking at solid metal, I think it's fairly safe to say that it didn't seem like it would be a problem.

Mayor Donchess

Alderman Dowd asked a second question, which I did not answer. Who is going to decide. There is incorporated in the bid a test: 4,000 versus 3,000. The two types or brightness's of light can be viewed by the decision makers. Without direction from the committee, we would have public works make a choice, determining whether in the neighborhoods we might include the lower light. If the committee wanted input there, I suppose we would bring that issue back to the finance committee or some other committee of the board of aldermen.

Alderman Dowd

My follow up question would be: is there a difference in electricity from 3,000 to 4,000? How do we calculate that savings?

Mayor Donchess

I think the answer to that is the tariff says what the bill is going to be. There would be no difference in billing between a 3,000 and 4,000. The smart meter would enable the city to get into that maybe in the future but without the smart meter, the tariff brings the bill down.

Alderman McCarthy

The problem with the tariff is the lights have to be at constant wattage. You can probably put variable luminosity bulbs in but you are not going to save any money because the tariff says we bill you by the number of hours of darkness times the wattage you told us was in the light bulbs. If we put 40 watt lights in and run them at 20, we're still going to pay for 40. I think Alderman Dowd's question is: Is the wattage different depending on what temperature you run the lights at, which would set the initial value that the tariff is based on.

Mayor Donchess

Maybe Ms. Walker knows that. My understanding is if we were to put different bulbs in the neighborhoods with 3000 that is what would be there. We wouldn't be able to change that.

Ms. Walker

It does not change the billing rate. It is a set billing rate regardless whether it's 3,000 or 4,000. The ability to dim ties back into the smart meters. If we were allowed to install the smart meters, we would be able to dim the lights to turn them on gradually as the sun goes down and the opposite when the sun is coming back up. You would reduce the amount of energy that you were expending but because we couldn't do that that's not part of the equation.

Alderman Siegel

There's probably a more immediate concern which is the 4K fixtures are more widely available through multiple sources than the 3K fixtures. There's a reason that we probably want to standardize on something that is more widely available. You don't want to find 25 years down the road that we bought the Beta version.

Alderman McCarthy

VHS isn't worth much at the moment either.

Alderman Siegel

No it's not, but at the time...

MOTION CARRIED

RECORD OF EXPENDITURES

MOTION BY ALDERMAN SIEGEL THAT THE FINANCE COMMITTEE HAS COMPLIED WITH THE CITY CHARTER AND ORDINANCES PERTAINING TO THE RECORD OF EXPENDITURES FOR THE PERIOD TO APRIL 29, 2016 TO MAY 12, 2016
MOTION CARRIED

PUBLIC COMMENT – None

ADJOURNMENT

MOTION BY ALDERMAN WILSHIRE TO ADJOURN
MOTION CARRIED

The Finance Committee meeting was adjourned at 7:25 p.m.

Alderman Ken Siegel
Committee Clerk